

# EXHIBIT A

V I R G I N I A:

HENRICO COUNTY CIRCUIT COURT

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VIRGINIA ELECTRIC & :  
POWER COMPANY d/b/a :  
DOMINION VIRGINIA POWER, :  
:   
Plaintiff, :  
:   
v. : No. CL-15003029-00  
:   
VERIZON VIRGINIA, LLC, :  
ET AL., :  
:   
Defendants. :  
-----X

Washington, D.C.

Friday, March 10, 2017

Deposition of

TIMOTHY J. TARDIFF

a witness, called for examination by counsel for  
Plaintiff, pursuant to notice and agreement of  
counsel, beginning at approximately at 10:09 p.m.,  
at the law offices of Wiley Rein, LLP, 1776 K  
Street, NW., Washington, D.C., before Mark Mahoney  
of Anderson Court Reporting, notary public in and  
for the District of Columbia, when were present on  
behalf of the parties:

## 1 APPEARANCES:

2 On behalf of Plaintiff:

3 CHARLES A. ZDEBSKI, ESQUIRE  
4 ROBERT J. GASTNER, ESQUIRE  
5 Eckert Seamans Cherin & Mellott, LLC  
6 1717 Pennsylvania Avenue NW, 12th Floor  
7 Washington, D.C. 20006  
8 (202) 659-6600

9 On behalf of Defendants:

10 CHRISTOPHER S. HUTHER, ESQUIRE  
11 Wiley Rein LLP  
12 1776 K Street, NW.  
13 Washington, D.C. 20006  
14 (202) 719-7197

15 Also Present:

16 CURTIS L. GROVES, ESQUIRE  
17  
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1           Q     Would it have been helpful to find those  
2     where there were not, in your definition,  
3     bargaining power to see what those rates were?

4           A     Not necessarily, because, I mean,  
5     there's -- then you'd have to look at a number of  
6     other things, among other things, you know, the --  
7     what do those things cost in those areas. They  
8     could be very different. One area could be the  
9     mountains of West Virginia versus an area that has  
10    more favorable soil.

11          Q     But you didn't do any analysis to see if  
12    there were any cost differences or soil  
13    differences?

14          A     I didn't do that, no.

15          Q     Because you didn't ask for any of the  
16    documents, the documents that you relied on were  
17    given to you by Verizon's counsel?

18               MR. HUTHER: Objection form.

19               THE WITNESS: I obtained the documents  
20    from Verizon's counsel.

21               BY MR. ZDEBSKI:

22          Q     Was it your view that rates for pole

1 Q Yes. Okay.

2 A Okay, the second --

3 Q That's step one. Let me ask you, are  
4 you aware that, in Exhibit 4, Verizon's annual  
5 pole cost is [REDACTED] and Dominion's, their pole cost  
6 is [REDACTED]? And that's on Exhibit A of Exhibit 4.

7 A Oh. Oh, I see that. Yes, I mean,  
8 that's what it says here.

9 Q Do you know why Verizon's annual pole  
10 cost is so much less than Dominion's pole cost?

11 A I think -- I mean, I haven't -- you  
12 know, I haven't studied, you know, these  
13 particular costs. But, generally speaking, the  
14 reason why telephone pole costs have been less  
15 than an electric utility pole costs is primarily  
16 due to different appreciation treatment.

17 Q Are you aware of whether Verizon  
18 Virginia and Verizon South's poles are totally  
19 depreciated?

20 A Well, I mean, in the sense of, you know,  
21 how depreciation is applied, you know, I think the  
22 situation is that currently they are.

1 Q Right. They're fully depreciated?

2 A If you define fully depreciated as the  
3 sum of depreciation charges over a period of time  
4 compared to initial investment.

5 Q Right. Which are now zero?

6 A Which are now zero.

7 Q Yes. You agree --

8 A The initial investment is not zero.

9 It's whatever --

10 Q Well, not the initial investment, but  
11 the depreciation. The value of the poles is now  
12 zero?

13 MR. HUTHER: Objection to form.

14 THE WITNESS: Well, the --

15 BY MR. ZDEBSKI:

16 Q Are you aware of what the current values  
17 of Verizon South or Verizon Virginia's poles are?

18 A Well, the net -- I think the -- I mean,  
19 there's a precise term and, you know, the net --

20 Q Net book value?

21 A Net book value, yeah. I mean, those are  
22 -- you know, those are either zero or negative,

1     you know, but that's the function of how  
2     depreciation is done.

3           Q     So zero or negative for both Verizon  
4     Virginia and Verizon South, right?

5           MR. HUTHER:  Objection to form.  You can  
6     answer.

7           THE WITNESS:  I mean, I can check that.  
8     But, I mean, if you're talking about recent years,  
9     I believe that to be the case.

10          BY MR. ZDEBSKI:

11          Q     Okay.  Does that netbook value relate in  
12     any way to whether Verizon Virginia or Verizon  
13     South had been replacing their pole plant?

14          A     Well, I mean, there's a general  
15     relationship between netbook value and, you know,  
16     the amount of new additions.

17          Q     Right.  So if Verizon replaced all of  
18     its pole plants in 2017, the netbook value would  
19     be the value of the cost of brand new poles,  
20     right?

21          A     Yes.

22          Q     So what does the fact that the netbook



1 value is zero or negative tell you about whether  
2 Verizon has recently replaced any of its pole  
3 plant?

4 A Well, I mean, I don't know. I imagine  
5 they've replaced some of it. I mean, certainly  
6 under the terms of the joint use agreement, if a  
7 pole is not adequate, you know, and you inform  
8 them of that, you know, they're required to do  
9 that. So I, you know --

10 Q But every time you put in a new  
11 investment into a pole plant, that would, to some  
12 degree, drive up the overall netbook value of the  
13 pole plant, right?

14 A Yeah, everything -- yeah, the effect of  
15 that one thing would be doing to increase the  
16 netbook value.

17 Q Right. And, conversely, not replacing  
18 the poles drives down the netbook value, overall?

19 A Yes. Well, every year, you know, that  
20 it -- I mean, I think this calculation is not done  
21 pole by pole, but if you can imagine a situation  
22 where it were, you know, every year, where the

1 pole is in existence, the netbook value of that  
2 pole would go down.

3 Q Yes, right. I mean, if we used an  
4 example and the original value of the pole was  
5 \$1,000, and you depreciated it 10 percent every  
6 year, after 10 years, the netbook value would be  
7 zero?

8 A If that's how depreciation worked, yeah.

9 Q In my hypothetical, it does.

10 A Yeah.

11 Q Okay. Sorry, I interrupted us. We were  
12 talking about your understanding of how the rate  
13 methodology works in the joint use agreement.

14 A Yeah.

15 Q So the first step is you calculate the  
16 annual cost of a pole?

17 A Right. So are we still on -- you just  
18 want a generic description?

19 Q Yes.

20 A Not tied to any -- okay. Yeah, annual  
21 cost of a pole, so that's a number. You just put  
22 it out in examples. Okay. Then the second